

EXHIBIT I

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 1

ADAMS GOLF

Moderator: Patty Walsh
October 23, 1998
1:00 p.m. CT

Operator: Good day and welcome to this Adams Golf third quarter results conference call.

Today's call is being recorded. At this time for opening remarks and introductions I would like to turn the call over to the Director of Investor Relations, Ms. Patty Walsh, please go ahead ma'am.

Patty Walsh: Good afternoon ladies and gentlemen and welcome to the Adams Golf third quarter earnings release teleconference. With me today are Mr. Barney Adams, Chairman, Chief Executive Officer and President and Mr. Darl Hatfield, Senior Vice President, Finance and Administration and Chief Financial Officer of Adams. As a formality, before we begin I need to point out that any comments made about future performance reflect our best judgement today based on current market trends and conditions. Any such comments or forward looking statements should be understood in the context of our publicly available report filed with the SEC including our prospectus which contains a discussion of various factors we believe may affect our business. Certain factors, which could be expected to affect future performance, include market demand and acceptance of products and business conditions in the golf equipment industry generally. These factors could cause actual future performance to differ materially from current expectations. At this time I'd like to turn the meeting over to Barney Adams.

EXHIBIT
106
Walsh
PENGAD Book-631-68199

ADAMS 004361

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 2

Barney Adams: Hello everyone. Yesterday afternoon we announced our third quarter results which Dari will elaborate on in a minute. I'd like to make one comment before Dari gets started and that is in light of the general softening of the golf market we are very positive about those results and I'm going to elaborate on them later but I want to turn it over to Dari just now.

Dari Hatfield: Thanks Barney. Although the third quarter was disappointing in terms of not meeting analyst's original estimates it did however represent a significant increase over the comparable period in 1997. Sales for the third quarter were twenty-three million compared to fourteen point two million in the third quarter of 1997. Sales for the first nine months were eighty-one point three million versus nineteen point seven million in the comparable period of 1997. Aggregate units sold in the third quarter were approximately two hundred and ten thousand. A breakdown of sales by product category for the three and nine months ended September 30th, 1998 is as follows, for the three months, the original sixteen degree lofted tight ((inaudible)) club represented thirty-six point five percent of our revenues. Other lofted fairway woods represented fifty-nine point eight percent and other products which are primarily represented by our custom fitting operations, represented three point seven percent of our revenues. Year to date the original sixteen degree lofted club is forty-two point nine percent of revenues, other lofts are fifty-three point nine and the other product category of three point two percent. The increase in the percentage of net sales represented by other lofted clubs category continues the trend that has occurred over the last three quarters and has been accelerated by the addition of the two wood and to a lesser degree, the eleven wood, both of which were introduced in late August of this year. A breakdown of our sales by geographic territory on a broad basis is as follows, for the three months ended September 30th, 1998, domestic sales represented eighty-five point seven percent of our revenues. International represented fourteen point three percent. For the nine month

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 3

period, domestic represented eighty-nine point two percent and international represented ten point eight percent. Of our domestic sales in the third quarter, direct response sales accounted for seven point eight percent of those revenues with the remainder primarily represented by sales to our retail customers. A further breakdown of our international sales shows that for the three months, Asia represented fifty point five percent, Europe, twenty-eight percent and the rest of the world represented primarily by Canada was twenty-one point five percent. For the nine month period, Asia represented thirty-four point eight percent, Europe was thirty-one point one and the rest of the world was thirty-four point one percent. Gross profit as a percentage of sales for the third quarter decreased to seventy-three point nine percent from seventy-four point seven in the comparable period in 1997 and seventy-seven percent in the second quarter of 1998. The decrease in gross profit is due primarily through a reduction in the average sales price of the tight (wise) club at the wholesale level due to increasing competition in the fairway wood segment and to the liquidation of our demo club inventory in the third quarter. Operating expenses as a percentage of sales equaled forty-six point eight percent and is composed of selling and royalty expense, general and administrative expenses and to a lesser extent, research and development. Selling and royalty expense equaled thirty-one point seven percent of sales for the third quarter of 1998 compared to thirty-nine point one percent in the comparable period in 1997. The biggest component of this expense is advertising which we break down into image based advertising and direct response advertising. Both types of advertising were somewhat higher than expected when expressed as a percentage of sales because of the lower than expected sales volume. In addition, the company incurred start up costs associated with the production of new commercials. General and administrative expenses equaled thirteen point one percent of sales for quarter three as compared to four point two percent for the comparable period in 1997 and ten point nine percent for the first six months of 1998. The increase in G&A expenses as a percentage of sales is primarily due to the lower level of sales in quarter three as compared to the first and second quarter of 1998

ADAMS 004363

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 4

considering the fixed nature of these expenses. Finally, R&D expense equaled two percent of sales for the third quarter. As a result, net income was eighteen point nine percent of sales or four point three million and year to date, for the first nine months was twenty point five percent of sales or sixteen point six million. That concludes my prepared remarks so I'll turn the call back over to Barney.

Barney Adams: Thanks Darl. You know as I stated previously, if you took our third quarter results and forgetting the comparison of us to us, just took our third quarter results and looked at them in light of the industry my gamble is that an awful lot of companies would trade places with us. This does not mean that we're proud of missing our number but it does mean that we're still a very, very strong company. Now having said that, in our recent press release we talked about the fourth quarter that this market softness is going to continue, there's just a lot of factors out there. But the bottom line is that we'll probably come in at or slightly below break even. Now we knew months ago that we were going to sell our millionth (tight lie) sometime during Q4 of 98. And I think what's remarkable about that is the marketing for this club started less than eighteen months ago. We wanted to figure out a way to say thank you to the American golfers at the same time say thank you to our good retail accounts. So we've come up with a program, started October 15th, it runs for a month, anyone who purchases two (tight lies) during that period gets a one hundred and fifty dollar stand bag absolutely free. As I said, this not only allows us to thank the consumer but it allows us to work with our retail accounts and help them move merchandise off their shelves. At the same time, our new infomercial will air next week and it is going to be accompanied by a new ad campaign. And that's important because at the beginning, when we first did all of our ads, and you have to remember the ads you see for the most part and certainly the infomercial were done back in day one, eighteen months ago. And in those days the issue was big club versus small club. Well little did we know that we were going to change the way fairway woods were designed in the golf industry and that of course is what's happened. So now our issue is

ADAMS 004364

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 5

to differentiate ourselves from other manufacturers who come up with low profile fairway woods. And we've been able to do that on a technical basis that shows that we have a distinctive technical advantage with our design over anybody else on golf. You combine that with the fact that we are also more aggressively showing that we make seven different (lofts). We found out in some of our focus groups that people didn't realize we made all those (lofts) so we're being much more aggressive with the marketing of all of our (lofts). And we have a very strong marketing program going into Q4 of this year and of course will also go into the first quarter and so on of next year for just the (tight lies). Now the other obvious question is 1999, where are we, where are we going, etceteras. And as I've said back in the road show and continue, we're going to introduce a new driver early in 1999. Regardless of how soft the golf market gets the overall market for drivers is still, in the United States, approximately five hundred million dollars. So from our prospective that's what we're focusing on. We see a market opportunity for us, it's significant whether the market is up or down it's still a very significant number and that's what we're concentrating on to help us improve our sales and margin performance in 1999. That's the end of my remarks and we'll be glad to open the call to questions.

Operator: Thank you sir. The question and answer session will be conducted electronically. If you would like to ask a question you may signal by firmly pressing the star key followed by the digit one on your touch tone telephone. We'll proceed in the order that you signal us and we'll take as many questions as time permits. Once again if you do have a question please press the star key followed by the digit one. And we'll take our first question from Brian Lantier of Lehman Brothers.

Brian Lantier: Good afternoon gentlemen, Brian Lantier with Lehman Brothers. I was wondering if Barney if you could specifically comment to some of the ways you're going to address the sales in the gray market going through to the wholesale clubs which you mentioned in your press release?

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 550194
Page 6

Barney Adams: Yeah, we're going to do two things, we are going to have the ability shortly to serialize clubs and the bottom line to that is that we're going to be able to track them any place they go. The second thing is that we are, you know we have legal restrictions, I mean there's only a certain things we can do but within the guidelines and let's say, pushing the guidelines of what we can do legally, we are rewriting all of our sales contracts with our wholesalers to do whatever we can to discourage that action.

Brian Lantier: Great. Do you have any feedback so far on the consumer response to the two wood?

Barney Adams: Yeah it's been a, I have to be honest, I tell you it's been a pleasant surprise. People are, people like their (tied lies) so much that they like to tee off with it and they're raising this club as kind of a club I can hit off the fairway, a club I can hit off the tee. So it's been stronger then I expected.

Brian Lantier: Great. Quick question for Dari, day's sales outstanding, they seem to be inching up a little bit is this in line with what you expected?

Dari Hatfield: They are, have gone up a little bit but as of September 30th it's about forty-four days so yes, we think that's right in line where we would expect.

Brian Lantier: Okay, great. Thank you.

Operator: We'll take our next question from John Weiss at NationsBanc.

John Weiss: Had a couple of questions if I may. First who is the retailer that seems to be obtaining your club in the gray market? What retail price is that retailer offering it at?

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 7

And why is that having such a significant affect on your sales? This is obviously a problem for a lot of golf club manufacturers. And I was also wondering if you could serialize the clubs in a way that those who diverted in the future aren't able to easily obliterate the serial number.

Barney Adams: I'll answer your question in reverse. We think the answer to part B to your question is yes we can do that. We'll have pretty good control over that. Going back to the first part of your question, we have been, there's no secret here but we have been advised by our attorney that we shouldn't mention any names. So I can only say it begins with C and ends with O and it's a membership corporation that comes out of the West Coast United States. Middle initial is T if it helps you any.

John Weiss: Yeah I think I can narrow it down to one or two.

Barney Adams: Well you know, it's like jeopardy John. Here's what happened. I mean these guys have been calls from deviators for several months. This is not new information. But in the last couple of months it increased, not even the last couple of months, I'd say the in the last couple three weeks it increased dramatically. And it just upset a lot of our retail market. We got calls from retail markets saying hey we can't compete, they're selling this thing for, I think they're selling the thing on a graphite shaft for a hundred and forty-nine dollars. We can't make any money selling at that price. And you know, I'll tell you what the accusation was. The accusation really was, and I got this in writing from one of my customers, Oh you guys are a public company. You'll do anything to make your numbers and you guys are really selling to them. And there's a great irony here because we've actually turned down business in that marketplace because we said we weren't going to sell there. But they actually accuse us of it. So now we, now we're kind of in a when do you stop beating your wife situation here. We have to go back and convince our own retailers that even though our clubs are in those stores we didn't sell them to them.

ADAMS 004367

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 550194
Page 8

John Weiss: Thank you.

Barney Adams: You're welcome.

Operator: And we'll take our next question from Dave Turner at Ferris Baker, Watts.

Joe Tecklets: Hi guys, actually Joe (Tecklets) here. Question first on gross margin, Darl can you quantify what the liquidation of the demo clubs did to your gross margin in the quarter? Or how many clubs, I think you said there are two hundred and, how many units in the quarter, two hundred and ten thousand?

Darl Hatfield: Yeah we sold two hundred and ten thousand units in the quarter. Demo clubs represented about thirteen thousand units and they were sold at gross profit obviously that's significantly below what we normally would sell our new clubs for.

Joe Tecklets: But you can't quantify that in terms of basis points off of the, maybe the normalized gross margin?

Darl Hatfield: It would be about twenty points under normal gross margin.

Joe Tecklets: Okay and you said there was a reduction in the average sale price at wholesale, when did that go into affect and maybe how big of a reduction was there?

Darl Hatfield: There was no formal date as to when any kind of a pricing policy went into affect but our average price was somewhat lower this quarter then it has been in previous quarters.

ADAMS 004368

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 9

Joe Tecklets: Is that an ongoing strategy or has that leveled out? Do you have a set price now?

Dari Hatfield: No we think that that probably has leveled out and we don't think that that will be further reduced in the fourth quarter.

Joe Techlets: And also is this a, was this more a direct response or a retail issue and is it across the board? Are you giving discounts to certain retailers for quantity or?

Dari Hatfield: Yes it's on a very selective specific basis.

Joe Techlets: Okay. And lastly Barney, when you say a driver in 1999 are you talking about January? You said early 1999.

Barney Adams: Right our goal is, was and continues to be to have it by January of 1999. The only reason that I will not come out and say ((inaudible)) is because this product, again as I've said all along, is going to be a technically different and superior product. And it has to meet certain standards before we're going to release it. We're very optimistic but we aren't making any definitive comments.

Joe Tecklets: Can you say if there's any titanium in it?

Barney Adams: It's entirely possible Joe.

Joe Tecklets: Okay. Last question Dari, any extended terms out there in the channel as well or have you extended your terms at all?

ADAMS 004369

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 10

Darl Hatfield: No as a general rule we have not ended our terms. There are some situations where, when you view the overall transaction in terms of number of clubs and other terms involved where we did extend the terms somewhat but that's in a very, very small portion of our sales. And those cases it was simply to meet competitive situations.

Joe Techlets: Okay thank you.

Operator: We'll go next to Mitchell Spiegel at DLJ.

Mitchell Spiegel: Yeah a couple quick questions just regarding the industry, could you comment what you're seeing in terms of retail inventory levels and when you think, if there is any sort of build up that should correct itself? And then on the competitive front, in terms of pricing you've made some general comments and we've heard some other golf club manufactures comment about a very difficult environment in terms of pricing. Can you just give me a sense on where you see that, you know, when and whether you see it stabilizing in the next six months?

Barney Adams: Mitchell I wish I had a better crystal ball to be honest with you but I don't. You know a lot of the data about the golf industry, in fact almost all the data about the golf industry comes from people who sell woods, irons, wedges, putters, you know even golf balls, etceteras. So the comments tend to be inclusive of all products. We only concentrate on fairway woods. What we know about fairway woods as far as the market is concerned is that at the very least all other manufactures have decided that our methodology for making a fairway must be right because they're all doing the same thing that we are. And that's caused a little confusion in the marketplace and it's caused a little confusion with our retailers. And we, we anticipated this but I suppose the most honest answer I can give you is I don't think we thought that every single company that makes clubs was going to jump on our bandwagon. We knew some of them were but that's

ADAMS 004370

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 11

what's happened. Now from the same, but the answer to that, I mean the settling out for us, we're not so much looking for the settling out. And this is what I eluded to earlier is that we've put together a very clear and concise advertising program that shows that we don't care what they do we have a distinctive advantage in our design. And that's really our approach to the thing is that we have to differentiate and sell what we can do.

Mitchell Spiegel: Okay and then I guess, while a small portion of your revenue has come from Europe, do you have any sense of there's been some comment as to there's a slow down in the golf market across Europe, some of it related to El Nino and just other general malaise. Can you comment on that?

Barney Adams: I'm afraid it's the same answer. I'm afraid because we're so isolated that another company that would sell woods, irons, wedges, putters, etceteras would probably have a better feel for it then we would. We are just getting started in Europe and Asia as you can see by the significant increase in international sales. So again, it's more of our goals visavis what percentage of sales we want to accomplish in the next year.

Mitchell Spiegel: Great, thank you very much.

Operator: We'll go next to Fred Kull of Fred Kull Financial Advisors.

Fred Kull: Yes sir, if you could tell me what your free cash flow was in the quarter just ended, what your guess pre-cash flow will be in Q4 assuming it's flat? And number three, the rational for using your precious cash as a young company fighting larger competitors in an uncertain future to buy in shares where there's simply no support what ever for virtually any of the smaller companies.

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 12

Darl Hatfield: Concerning the cash flow we generated about two million dollars to cash flow from operations this quarter. Next quarter, again we don't comment on specifics but as we indicated we'll be at or slightly above the breakeven level on earnings. And as you might suspect our cash flow should be a positive amount based on that but will not be significant.

Barney Adams: Fred I'll answer part three, this is Barney Adams. I understand your question. I don't think there's a good answer for it. I can only tell you that from our prospective based on hundreds of phone calls from investors, from investment bankers, etceteras we were probably damned if we did and damned if we didn't. And I wish I had a more intelligent answer for you then that but that's it. I suppose that the best news is that thus far we're able to use a very small percentage of our cash in this objective. But I mean, I still understand the, one of my very good friends who's a financial advisor expressed what you just expressed to me in much stronger terms. So I understand your question.

Fred Kull: I felt constrained. What will the attitude going forward? Is this an open question going forward or sort of what's the feeling, the next step on this issue?

Barney Adams: It's still alive but our concentration is and always has been on doing a better job running the company. And I guess, again giving the constraints I'm under and so on that the buy back program is still in affect but I suppose like all programs it's under constant scrutiny.

Fred Kull: Thank you.

Operator: We'll take our next question from Matthew Ziehl of Salomon Brothers Asset Management.

ADAMS 004372

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 13

Matthew Ziehl: Yes, hi. Just a following up a question about the share repurchase program, it's, obviously it's quite accretive to earnings per share to, or somewhat accretive to complete the program. Is that your intent to complete the program especially with the stock around four dollars?

Dari Hatfield: We still have an authorization in place by our board to repurchase up to two million shares. We've purchased as we indicated six hundred and fifty-seven thousand to date and we'll re-evaluate that based on market conditions. But that repurchase authorization does remain open and we will continue to consider it.

Matthew Ziehl: Okay thanks.

Operator: We'll go next to follow up question from John Weiss at NationsBanc.

John Weiss: I had a couple of questions about the bag promotion, first what is the cost to you of providing a bag? Second, how do you make sure the retailer really has sold two clubs to a customer? And third, an ad you had I believe in the *Wall Street Journal* yesterday or two days ago encouraged the consumer to call you directly, how do the retailers respond to that suggestion as opposed to the alternative of the customer obtaining the bag through a retail purchase?

Barney Adams: John suffice to say that when we did this program we did a serious amount of homework to obtain a very, very high quality bag at a very good price. Secondly, as far as directing consumer inquiries into here, as in all of our efforts, what we try and do is deflect the sale to the retail level. This is not, we don't want to do this in house but we have increased our capability significantly in the last six months with our investment in infrastructure to handle these calls to divert them to the right retail accounts, the participating retail accounts and so on. So there is some value to directing calls in here.

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 14

And then as far as making sure the retail actually sells the two bags, you know we do have a system in place, I mean we rehearsed this, I guess for a lack of a better word. I suppose if anybody really wanted to cheat us they could. I mean you can always cheat any system. But again, we're working with participating retailers and we have agreements with them.

John Weiss: So Barney when a call comes in you automatically refer the caller to a retailer?

What if the customer just wants to buy it over the phone?

Barney Adams: Yeah if he's up in (DeBuke) and the nearest retailer is, you know, a hundred miles away we'll deal with them directly. But we try, our objective is to try and divert them to a retailer.

John Weiss: Thank you.

Operator: We'll go next to Roy McKay with Scudder Kemper.

Roy McKay: Yeah I'm just a little bit concerned Bamey to hear you back away from, what I hear you saying is that sure you've got a two million share repurchase in place but you don't have any intention in doing it. Then you dodge the question of whether or not you're going to complete that program. You know, you've seen the market value of your corporation, which the public invested in, drop a hundred and thirty million dollars. The stock is between three and four, I can't imagine why you wouldn't double the repurchase program, if you really had the interest of the shareholders in mind.

Barney Adams: Well you know here I am, I'm damned if I do and I'm damned if I don't. We have a repurchase program in place. I don't think I heard anybody say we were going to

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 15

stop it. I think what you heard us say is that if I called up twenty financial advisors, ten would tell me it's a good idea and ten would tell me it's a dumb idea.

Roy McKay: Well that's why you're the CEO, you have to decide what's the best interest of the shareholders.

Barney Adams: That's correct and I understand the emphasis of the word shareholders and there is a stock repurchase program in place and it has not been changed from when we first announced it.

Roy McKay: You want to see the (shortness) just go to two million shares just cancel your program.

Barney Adams: I appreciate your input.

Operator: Once again if you would like to ask a question you may signal by pressing the star key followed by the digit one. We'll go next to Jeff Klein, a private investor.

Jeff Klein: Good afternoon. I'm just interested to know if there's any discussion or investment in iron technology that might mirror what you've done with the fairway woods?

Barney Adams: Yeah, yeah there is Jeff. It's an ongoing project but our game plan has always been to introduce one category at a time so we can focus on it and focus on gaining market share. So you're absolutely right, there is a program internally on irons. In fact we've actually did prototypes as to when they're going to be running and when they're going to introduce I can't tell you because right now the first marketing emphasis is going to be on the driver.

ADAMS 004375

ADAMS GOLF
Moderator: Patty Walsh
October 23, 1998 1:00 p.m. CT
Confirmation # 560194
Page 16

Jeff Klein: Are these prototypes or the possibilities, are these going to be completely different looking or different reacting type of irons?

Barney Adams: Yeah anything we introduce will be with a technically, technical, excuse me, with a technical story that's a benefit to the golfer.

Jeff Klein: Okay very good, thanks.

Barney Adams: Sure.

Patty Walsh: Ladies and gentlemen we have time for just one more call, question before we end the call.

Operator: Ms. Walsh it appears there are no further questions at this time. I'd like to turn the program back over to you.

Patty Walsh: Okay. Thank you. On behalf of Barney Adams, Dari Hatfield and myself I'd like to thank all of you for participating in our teleconference today. We plan to continue to hold quarterly teleconferences following each earnings release and you'll be notified by fax a few days prior to the call. Thank you again and good afternoon.

Operator: That concludes today's conference call, thank you everyone for your participation.

END

ADAMS 004376

EXHIBIT J

1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF DELAWARE
3 - - - - -

4 IN RE: ADAMS GOLF, CA. NO.
5 INCORPORATED 99-371-KAJ
6

7 SECURITIES LITIGATION
8 - - - - -

9 Wednesday, August 9, 2006
10

11 Oral deposition of GARY L. FRAZIER,
12 was taken pursuant to Notice, at the
13 offices of SIMPSON THACHER & BARTLETT LLP,
14 425 Lexington Avenue, New York, NY
15 10017-3954 on the above date before
16 DEBRA G. JOHNSON-SPALLONE, CSR, RPR,
17 Notary Public, and a Federally Approved
18 Reporter of the United States District
19 Court commencing at or about 10:40 a.m.
20

21 RSA/VERITEXT COURT REPORTING COMPANY
22 1845 Walnut Street, 15th Floor
23 Philadelphia, PA 19103
24 (215) 241-1000 (888) 777-6690

		Page 254	Page 256	
1	before they sent memos out	02:43:38PM	1	You can answer.
2	to channel members from	02:43:40PM	2	THE WITNESS: I read
3	Beebe or from Gonsalves or	02:43:42PM	3	it. Everything I read I
4	others talking about, or	02:43:47PM	4	considered.
5	reclarifying, their position	02:43:49PM	5	Ochoa had mentioned
6	on gray marketing.	02:43:50PM	6	in her deposition, and I
7	I summarize later some	02:43:53PM	7	agree, that gray marketing
8	of the steps -- this is on	02:43:56PM	8	effects different
9	page 14 -- where I felt this	02:43:57PM	9	manufacturers differently
10	-- in paragraph 44, that I	02:44:04PM	10	in the same industry.
11	feel these steps taken were	02:44:06PM	11	In my opinion, as a
12	reasonable and effective.	02:44:07PM	12	marketing expert, the steps
13	So, I don't -- based	02:44:09PM	13	taken by Adams to deal with
14	on the record, they may --	02:44:11PM	14	gray market sales were
15	they obviously perceived it,	02:44:13PM	15	effective, and that they
16	but I don't believe, as a	02:44:14PM	16	needed to focus elsewhere on
17	marketing expert, that they	02:44:16PM	17	marketing challenges much
18	were slow to react.	02:44:19PM	18	more important to the firm
19	---	02:44:19PM	19	in ensuring that it's going
20	BY MR. COLLINS:	02:44:19PM	20	to be successful in this
21	Q. Okay.	02:44:20PM	21	industry.
22	One more document,	02:44:20PM	22	---
23	Exhibit-299, which is a memo to Scott	02:44:22PM	23	BY MR. COLLINS:
24	Levins, Eddie Tate.	02:44:26PM	24	Q. All right.
		Page 255	Page 257	
1	A. Thank you.	02:44:29PM	1	I don't want to be
2	Q. And the memo goes on awhile,	02:44:33PM	2	argumentative, and I am not challenging in
3	but I am directing your attention to a	02:44:34PM	3	this deposition, sir.
4	particular paragraph on the second page.	02:44:36PM	4	Your life background in
5	A. Okay.	02:44:38PM	5	marketing --
6	Q. Paragraph at the bottom.	02:44:41PM	6	A. I am used to dealing with my
7	Middle bottom; as the Costco issue	02:44:43PM	7	wife, so, go ahead.
8	worsened, retailers complained that Adams	02:44:45PM	8	Q. -- but you have said earlier
9	was both evasive and slow with their	02:44:47PM	9	today, Professor, that, unlike some pointy
10	response. Retailers will point out how	02:44:49PM	10	headed intellectual in the classroom, whom
11	other manufacturers who were quick to	02:44:53PM	11	might not deal with real world situations,
12	address, fix and remedy the problems,	02:44:56PM	12	you are somebody who rolls up your sleeves
13	while we appeared to be myered in a myriad	02:44:58PM	13	and you dealt with corporate management
14	of other conflicts. With this delay	02:45:02PM	14	and you have tried to see the way
15	came less in support from many of our	02:45:03PM	15	marketing theory works in the real world.
16	retailers, especially once word of	02:45:05PM	16	A. Right.
17	Costco's inventories growth spread.	02:45:08PM	17	Q. Is that fair?
18	That statement by Eddie	02:45:11PM	18	A. Right.
19	Tate, who was Florida regional account	02:45:14PM	19	Q. I am struck by how
20	coordinator, as indicated here, that also	02:45:16PM	20	cavalierly, with all due respect, you are
21	has no impact on your -- on your opinion	02:45:18PM	21	introduced to a flood of statements by
22	here?	02:45:22PM	22	Costco management -- now, that would be
23	MR. GLUCKOW: Objection.	02:45:23PM	23	shocking.
24	Vague and ambiguous.	02:45:23PM	24	I am struck by how you seem

		Page 278	Page 280	
1	trenches in October '98 or	03:11:21PM	1	MR. GLUCKOW: Objection. 03:12:46PM
2	March '99, you don't have	03:11:24PM	2	Overbroad, vague and 03:12:47PM
3	all of the data. You don't	03:11:25PM	3	ambiguous. Calls for 03:12:48PM
4	have time to really reflect	03:11:26PM	4	speculation. 03:12:50PM
5	on things. You don't -- you	03:11:28PM	5	But you can answer. 03:12:50PM
6	don't have two weeks to sit	03:11:31PM	6	Outside the scope. 03:12:51PM
7	down and only read documents	03:11:32PM	7	You can answer. 03:12:52PM
8	related to this one minor	03:11:33PM	8	THE WITNESS: Yeah, I 03:12:52PM
9	issue when you have got so	03:11:34PM	9	don't know for sure. 03:12:53PM
10	many other issues bombarding	03:11:36PM	10	---
11	you in the marketing like	03:11:37PM	11	03:12:53PM
12	product, price, place,	03:11:38PM	12	BY MR. COLLINS: 03:12:53PM
13	promotion. It is not easy	03:11:40PM	13	Q. Now, what does it mean to 03:12:55PM
14	to make the calls that they	03:11:41PM	14	you that Callaway, in its '97 10K, raised 03:12:59PM
15	did. 03:11:43PM		15	it as a negative? 03:12:59PM
16	I am not -- but the key	03:11:43PM	16	Does that have any impact on 03:13:00PM
17	here for me is; I have the	03:11:46PM	17	your opinion? 03:13:02PM
18	luxury of having a lot of	03:11:50PM	18	A. Yes, for Callaway or -- 03:13:02PM
19	information. I have the	03:11:51PM	19	Let me put it this way. 03:13:04PM
20	background. I have the	03:11:52PM	20	And, again, you know, I do 03:13:06PM
21	experience. I have	03:11:53PM	21	agree with Ochoa on the point that, gray 03:13:09PM
22	expertise. I have facts	03:11:53PM	22	market sales attract different firms from 03:13:12PM
23	in this case to render my	03:11:55PM	23	the same industry differently. 03:13:14PM
24	opinions, and that is what	03:11:57PM	24	Callaway had been the only 03:13:15PM
				game in town for large head drivers since, 03:13:17PM

		Page 279	Page 281	
1	I've have done.	03:11:58PM	1	like, '91. It was not until '97/'98 that 03:13:21PM
2	---	03:11:58PM	2	others started to introduce a lot of their 03:13:24PM
3	BY MR. COLLINS:	03:11:58PM	3	clubs. 03:13:27PM
4	Q. Okay.	03:11:58PM	4	Callaway was it. They were 03:13:27PM
5	Now, are you familiar with	03:12:10PM	5	not only hot over a year or two. They 03:13:29PM
6	the fact that in 1997, 10K --	03:12:12PM	6	were there, and they had irons and putters 03:13:32PM
7	A. Of Callaway?	03:12:18PM	7	and drivers and balls and everything else. 03:13:34PM
8	Q. Callaway.	03:12:19PM	8	A gray marketer, a diverter, 03:13:38PM
9	MR. GLUCKOW: Stop	03:12:20PM	9	will always be more attracted to products 03:13:40PM
10	reading his mind. Let him	03:12:21PM	10	from a Callaway than they would to an 03:13:43PM
11	get his question out.	03:12:23PM	11	Adams, because they are easier to sell, 03:13:47PM
12	THE WITNESS: Sorry.	03:12:24PM	12	and as brand strength, it has brand 03:13:49PM
13	---	03:12:24PM	13	prestige. It has brand awareness. 03:13:53PM
14	BY MR. COLLINS:	03:12:24PM	14	If a golf shop did not 03:13:54PM
15	Q. Callaway addressed gray	03:12:26PM	15	carry, Callaway; oh, my God, what did I do 03:13:56PM
16	marketing as a risk factor of Callaway.	03:12:28PM	16	to deserve this? Because they'd have no 03:14:00PM
17	Are you generally familiar	03:12:36PM	17	credibility with many golfers. 03:14:03PM
18	with that?	03:12:37PM	18	So, is that surprising to me 03:14:05PM
19	A. I know -- I know they raised	03:12:37PM	19	with those characteristics that there be 03:14:06PM
20	it as a negative.	03:12:38PM	20	tremendous pressure for diverters to 03:14:06PM
21	Q. Okay.	03:12:39PM	21	acquire Callaway clubs and get them to 03:14:09PM
22	At that time, how extensive	03:12:42PM	22	anyone? 03:14:11PM
23	was gray marketing at Callaway, if you	03:12:44PM	23	So, given its level of 03:14:11PM
24	know?	03:12:46PM	24	sales, over 900,000,000; given its brand 03:14:13PM

EXHIBIT K

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE: ADAMS GOLF, INC. :
SECURITIES LITIGATION :

X

ORAL DEPOSITION

OF

CHRISTOPHER M. JAMES

Friday, August 11, 2006

Oral deposition of CHRISTOPHER M.

JAMES, held at the offices of AKIN GUMP
STRAUSS HAUER & FELD, LLP, 590 Madison Avenue,
New York, New York, commencing at 8:30 a.m.,
reported by Pamela Harrison, RMR, CRR, CSR and
Notary Public.

RSA/VERITEXT COURT REPORTING COMPANY
1845 Walnut Street, 15th Floor
Philadelphia, PA 19103
(215) 241-1000 (888) 777-6690

CHRISTOPHER M. JAMES

		Page 254		Page 256
1	Q. Are there models that can be	05:21:20p	1	evidence, apart from what you've put in your
2	used that test materiality on the basis of	05:21:21p	2	reports, to indicate when that Golf Pro article
3	volume or some combination of volume and price	05:21:25p	3	was available?
4	movement?	05:21:29p	4	A. Yes.
5	A. I mean, I have not seen that	05:21:37p	5	Q. When?
6	analysis done in the context of, say, a damage	05:21:40p	6	A. In response to the Miller report
7	analysis. I have seen some academic studies	05:21:43p	7	where he conjectures that it might have been
8	that ask the question of whether information has	05:21:49p	8	available earlier, I performed the following
9	an effect on trading volume.	05:22:01p	9	test. Based upon communications that I'm aware
10	Q. And do you have any opinion as	05:22:11p	10	of between Cornerstone and the publishers of
11	to the usability or appropriateness of those	05:22:13p	11	Golf Pro, which is now not currently published,
12	models?	05:22:17p	12	they were unable to answer the question as to
13	A. I think the appropriateness	05:22:20p	13	whether it was available before or after the
14	would depend on the purpose of their being	05:22:23p	14	cover price -- cover date.
15	used. I would have to go back and look at some	05:22:31p	15	So I conducted a Factiva search
16	of those papers. Most of the paper -- the	05:22:36p	16	between 1995 and 2000 in which I used the
17	academic literature in finance is more focused	05:22:40p	17	keywords "Golf Pro magazine," and then I
18	on how information impacts value as opposed to	05:22:48p	18	looked at all of the articles that were
19	trading volume. Although, there are a few	05:22:53p	19	available on Factiva that reference Golf Pro
20	papers out there that look at trading volume. I	05:22:55p	20	magazine and asked the question of whether
21	just don't recall what the conclusions are.	05:22:58p	21	there was any reference in the public press to
22	Q. The famous Golf Pro article	05:22:59p	22	a Golf Pro magazine article prior to the
23	allegedly of August or August 1, 1998, when was	05:23:03p	23	stated publication date on the cover, and I
24	that available to the market?	05:23:08p	24	was able to identify several instances in
		Page 255		Page 257
1	A. As I indicate in my report, it's	05:23:10p	1	which there is a reference to a particular
2	my opinion that it's available to the market on	05:23:16p	2	issue of Golf Pro magazine, and all of the
3	August 1st.	05:23:19p	3	references were after the publication date
4	Q. Well, surely you're not offering	05:23:19p	4	which is consistent with -- which is
5	an opinion on that now, Dr. James, are you?	05:23:21p	5	inconsistent with the conjecture by Mr. Miller
6	A. Yes, I am.	05:23:23p	6	that the information was available to the
7	Q. You might be making an	05:23:24p	7	market prior to the cover date.
8	assumption, but you are offering -- are you an	05:23:26p	8	Q. Did you save those searches?
9	expert with regard to when Golf Pro appeared in	05:23:29p	9	A. No.
10	1998?	05:23:32p	10	Q. Did you communicate with your
11	A. I'm not representing myself to	05:23:33p	11	office about providing to us information with
12	be an expert in when Golf Pro appeared. I am	05:23:35p	12	regard to the additional regressions you said
13	representing myself to be an expert in, first of	05:23:40p	13	you would have?
14	all, knowing what the publication date and the	05:23:43p	14	A. I have -- it's not my office.
15	convention of using publication dates. I	05:23:50p	15	Q. Cornerstone. Whomever you had
16	believe your own expert uses the publication	05:23:52p	16	to communicate with.
17	date as the date referenced in his chronology.	05:23:55p	17	A. Yes, and the individual that is
18	Second, I undertook an	05:23:59p	18	available -- the individual who undertook that
19	investigation to determine whether there was	05:24:01p	19	analysis is not available, he's -- that's Amir
20	any evidence that suggests that the Golf Pro	05:24:03p	20	Rosen, and I believe he's attending a deposition
21	article was available prior to the cover day	05:24:06p	21	today.
22	and concluded based on that analysis that	05:24:12p	22	Q. Not in this case?
23	there was none.	05:24:14p	23	A. Yes, I believe he's downstairs,
24	Q. Okay. Do you know of any	05:24:15p	24	two stories down.

EXHIBIT L

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

IN RE: ADAMS GOLF, INC. : CONSOLIDATED

SECURITIES LITIGATION : C.A. NO. 99-371-KAJ

ORAL DEPOSITION OF BRIAN LANTIER

Monday, June 5, 2006

The oral deposition of BRIAN LANTIER was held at the Wyndham Syracuse Hotel, 6301 Route 298, East Syracuse, New York, from 12:00 noon to 4:59 p.m., before Cynthia A. Sanders, a Certified Shorthand Reporter in and for the State of New York and Registered Professional Reporter.

1 130
 2 marketplace.
 3 I think some of the things that we wrote
 4 here in August ultimately played out to the detriment
 5 of Adams, that we were concerned about. Things like,
 6 Orlimar really offering big rebates, leading better
 7 placement in the golf shop. Callaway's product really
 8 had some buzz in early August already, which surprised
 9 us; I didn't think it was a very good club, and it
 10 surprised me. And it clearly was a very successful
 11 club in '99 and 2000, which we did not expect in 1998.

12 Q Let's back up a moment to when this began.

13 At page 27 you write: We have spoken with
 14 a number of leading on-and-off golf shops in the U.S.
 15 over the past three months.

16 Before we go on, this report was written
 17 August 28?

18 A Um-hmm.

19 Q Three months before August 28 was May 28?

20 A Um-hmm.

21 Q When did the pro shops survey actually
 22 begin?

23 A I don't remember the specific date, but
 24 that sounds about right. Given the other timeline of
 25 some of the meetings we had in April, the intensive

1 132
 2 released?
 3 A This also has a very specific procedure by
 4 which it's released, and I can't recall exactly what
 5 that procedure is. But it's also a time-sensitive
 6 document that's released broadly to the firm and the
 7 public at the same time. But I can't recall if it's
 8 released electronically, all at once, or -- And
 9 clearly, I'm sure it's changed since 1998, but I can't
 10 recall how we released it.

11 I know that, again, it was not something
 12 that was disseminated separately and then, you know,
 13 to certain individuals or investors or anything. The
 14 release of a report is something that is done to
 15 insure fairness among all investors, so it would have
 16 gone out to everyone at the same time.

17 Q Was there a hard copy mailing?

18 A There was a hard copy mailing. It would be
 19 done not by the research -- Well, I'll take that
 20 back. We had our own mailing list; I didn't maintain
 21 one, I didn't have enough contacts to maintain a
 22 mailing list. But Mr. Picchi would have a mailing
 23 list, they would have received a mailing. The -- And
 24 the individual salespeople handling institutions, as
 25 well as individuals, would have handled their own

1 131
 2 due diligence would have occurred -- would have
 3 started in May, June, time frame.

4 So it sounds like we were probably just
 5 about right in starting our pro shop survey in the
 6 middle to the end of May.

7 Q Was there an event in the underwriting
 8 process that triggered the beginning of the pro shop
 9 survey?

10 A I don't think so, I think it was more
 11 seasonality. You know, we could have started earlier,
 12 clearly in the spring, down south, but we wanted to
 13 get a good cross section of the country, so we went
 14 with the middle of May; people are going to be playing
 15 golf everywhere by then.

16 Q Now, mechanically, when did you actually
 17 start putting together this lengthy report?

18 A I can't recall the actual date, but we
 19 would have started clearly before the date of the
 20 first-call note, which was August 9th or something --

21 Q 4th?

22 A -- August 4th. We would have started
 23 somewhere around that time frame and used that as the
 24 general outline and then expanded from there.

25 Q When this was completed, how was it

1 133
 2 mailing; but I don't know the mechanism of how that
 3 worked.

4 Once it was printed and it came back from
 5 the printer, then we were able to, you know, just --
 6 It was then available to all the salespeople and to
 7 all of our investors at the same time.

8 Q All right. Did it -- What significance
 9 does the August 28th date have on this document?

10 A That was the date that it, I would assume,
 11 went to the printer. Usually the print turn-around
 12 time is less than a day, especially for a document
 13 like this; it's relatively small.

14 Q And when, to the best of your knowledge,
 15 was it first distributed?

16 A It probably was on the sales floor that
 17 day -- I don't know if this is a weekday or weekend
 18 or what date that is?

19 A That would have been the date that we
 20 expected it to come back from the printer. It came
 21 back, it appears on a Friday, when each individual
 22 salesperson mailed it out is hard to say, because that
 23 was something they handled themselves.

24 Q Was it electronically distributed on the
 25 28th?

1 A I don't believe at this time we were doing
 2 electronic distributions, but I could be completely
 3 wrong on that.

4 Q Was -- In addition to the report, itself,
 5 was something put on a first-call note or summary
 6 electronic form on that date?

7 A I don't believe so. The first-call note
 8 would have been the down-sized version of this, the
 9 August 4th note, because that was our initiation of
 10 coverage, and this is just the extended version with
 11 models.

12 Q Now, on the survey, itself, did anyone
 13 other than you and Mr. Picchi make calls?

14 A In our research department; no, not that I
 15 can recall. I don't know if the investment banking
 16 group was still doing any due diligence at that point,
 17 but in the research department -- And for the most
 18 part, it would have been me making the calls. Bernie
 19 may have attended -- listened in on some of the calls,
 20 but for the most part, I was doing the pro shop
 21 survey.

22 Q And you called between 50 and 100 --

23 A Yes --

24 Q -- stores?

1 A Sorry.

2 Yes, I don't know how many responses we
 3 would have gotten, but there were 50 to 100, and we
 4 called them.

5 Q And did you call some of them more than
 6 once over the three-month period that the survey was
 7 conducted?

8 A I believe so, yes.

9 Q How did you keep the records straight?

10 A A lot of it was because they are subjective
 11 answers; this is selling well, this isn't. It wasn't
 12 something that you could say: Okay, you sold 38 Title
 13 Lies, so we'll put that into a chart, and you sold 15
 14 Warbirds; it was what's demand, what's good, bad,
 15 different. Are people liking Orlimar? Is that
 16 driving traffic? Do you like Orlimar? Do you like
 17 the profit you're making off it? So it was a lot of
 18 subjective questions and answers.

19 And I think you see that on our commentary
 20 on the survey. That's what we used Golf Data Tech
 21 for, because they had the physical numbers; ours was
 22 more subjective in terms of what was working.

23 Q Did you make notes of your telephone calls?

24 A I would assume that we had notes of some

1 sort, but I don't have the files, I don't know if
 2 Lehman has the files.

3 Q Okay. When you made notes in those days,
 4 did you do it on a computer or on a yellow pad or
 5 something?

6 A For the most part it was handwritten.

7 Q And by the time you were finished with the
 8 pro shop survey, what kind of collection of notes did
 9 you have?

10 A I don't know. Every firm, every shop gave
 11 you different amounts of information. Some might be
 12 as simple as we're selling a lot of Orlimar, and you
 13 might have made 50 calls and ended up with a page a
 14 day, and some others might give you some valuable
 15 information.

16 Q I'm just talking about the physical paper,
 17 if you got a quick response from someone.

18 A Um-hmm.

19 Q I assume you would use a piece of paper to
 20 jot it down?

21 A Yeah. I think that's safe to assume, but
 22 there was no folder of pro shop survey results, that
 23 was an inch thick or anything. There were probably a
 24 few pages somewhere. But where they ever went, I have

1 no idea.

2 Q Did you consciously ever throw them out?

3 A No. Like I said, when we resign it was
 4 very much -- they packed up all my stuff that was
 5 physically mine and mailed it to my new job, and that
 6 was that.

7 Q Now, on page 27 -- And I just want to
 8 focus on the paragraph, for the moment,
 9 margins/pricing.

10 A Um-hmm.

11 Q You write: One concern that we should
 12 report is that Adams, Title Lies are appearing in
 13 Costco wholesale stores with increasing regularity.

14 What was the increasing regularity, in
 15 general terms, that you're referring to there?

16 A I don't have a specific number to say they
 17 were increasing from 20 stores to 50 stores; I don't
 18 know what the numbers were, but we were hearing -- or
 19 I was hearing of it more frequently. I don't know
 20 what the increased frequency would be, but --

21 Q And how were you hearing of it?

22 A Again, through -- possibly from an investor
 23 or from the pro shop survey.

24 Q Had you surveyed pro shops in the pacific

EXHIBIT M

10/19/98

Board Meeting Notes

Patchin, Casati, Murtland, Simpson, PoBrewer
 Conner, Brown, Mulvroy

Costco - why problem? Demand issue

1. Team of diverters, will not disclose sources
 no legal redress to identify

Have strong indications - 50 clubs, 30 clubs

Think it's series of small buyers may be one
 of our largest customers.

#149 Letter from Edwin Watts - removes
 retailers margin or holding margin consumer
 pays more.

What % of sales? Don't know - subjective on
 magnitude

Callaway & Orlimas - w/ Callaway greater margin
 on Adams (\$259 Steelhead, Orlimas \$269)
 30-35% margin, \$130-\$135 after full rebate
 ~\$150 pts. Orlimas in Costco for \$199

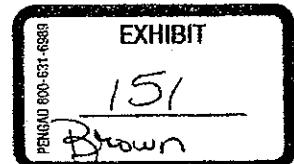
Mag of shortfall in Q4 - probably 20% purely
 subjective

22 mm sales

revised to 18-19 mm w/ 12¢ per share

ADAMS 002238

Want numbers given prior to ^{During} roadshow - Patchins
 They went out. May have had @ last board mtg.



LB	FBW	previous Q4 estimates
21.993	20.7	
194	144	

Q3 report

Reduction in sales 43.1.

Selling & Royalty exp. + 9.1.

costs

Q4 up

new PR informational

creative/prod. drives info.

Bag promotion

Variables

ADAMS 002239

Royalties

Bonuses & Commissions

Incentive-mgs. level on up - discretionary, ^{base} _{meets}

Travel expense - rktg, int'l.

~~Costs~~ ~~Rate~~

Budget seems very conservative - per 10a this budget will take a lot of work even @ this level.

Actions will have to be taken publicly to explain losses.

Budget does not reflect adjustments or conscious action to make up for decrease in sales

1999 - prof'l. svcs under \$1mm but +600K for

Q4 98? Significant IT expenses, Midwest

consultants, R&D, employment

18.1. add on for benefits

Cosati - Q board only wants details

Is Q4 budget fixed? - Everyone in a key position

Selling & Royalty up 9.1 on 4.3.1. decrease
in sales

Increase in int'l sales costs add'l 51,700/Faldo

Morale is an issue

Are incentives paid if loss of 20% share? No, only
maybe at lowest level where # are ~~at~~ very
low.

Costco 20.1.

Where is 80%?

Poor market conditions (same for comp-
Orlina not as much titon)

Callaway will show

Sales @ end of Q3 overloaded distributors
How much in sales @ 180-day terms? ^{about} 3 per 12k

Will it continue? If Callaway continues

How are you

trip working on letter to customers

Orlomas still on upswing?

Retailers say, in 6-9 mos. they think Orlomas will crash big time.

Returns are high, pricing policy is catching up; Costco is hurting them.

Predict by mid- to end 1999 Orlomas will be non issue. Did better job for about 90 days.

Callaway - think there are problems

10/8 memo - revenue 20-25% due to Costco. Were you aware of Costco problem when stock buy back was decided?

Wants board to meet when serious issues such as Costco come up

Finis - thinks we should not buy back until street has info.

Paul - what did Joe say? If we had knowledge that would go ^{down to \$10} up,

9/29 - LB Q4 decreased from 23⁴ to 13⁴
\$13⁴ mon will be a disaster

^{message on}
Conf. call Friday - market is very soft; Costco makes it more difficult.

pg. 27 Ref. 8/28 LB analysts report outlining Costco issue

In Q3 were in selected Costcos.

Q4 increased dramatically
(Find out how many Costcos)

Learn July/Aug - pacific northwest

did not know it was material

Buy promotion ^{also} to ~~counteracts~~ Costco

In last few weeks - were in many stores

1994 results - what will you say?

Q3 came out on very high end of adjusted expectations

Is there any way to show even 1¢ profit?

Increase sales, decrease expenses

Rework #'s

Paul - Q4 budget - costs don't run w/ expected level of sales

① All analyst reports should go to Board

Increasing D&O insurance - \$7.5 mm currently
Met w/ carriers on Friday, ~~will have~~ waiting for quotes on
\$15, 20, 30, 40 mm.

ADAMS 002242

② Publish strong adv. program on TL

③

④ new drives (most technically superior but tough story to sell)

Non conversation?

Continuing to invest in R&D; ^{were on track} to intro. in early 1999
When ready?

Tease campaign in January

Clear ack. of dist. channel

has created gray mkt. On track to resolving
§

Will take thru end of year.

Make sure Joe hears prior to

Nick's name on new drives? & will participate
in advertising

10/27 Tues. dinner

10/28 Wed. meeting

New adv. - can Board see Wed.?

Dinner mtg in closed room?

How is Brush progressing w/ R&D? Very hands on
currently. will he move to Tx? Probably not.

\$350 - \$400:

Preview program ^{that's} about margin + working w/
retailer

Darl - fax conf. call # for Friday

ADAMS 002243